

# Senate File 2091 - Introduced

SENATE FILE \_\_\_\_\_  
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and SCHOENJAHN

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the issuance or redemption of gift  
2 certificates, establishing restrictions on fees and charges,  
3 prohibiting expiration dates, and making penalties applicable.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 5597XS 82  
6 rn/nh/5

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1 1 Section 1. Section 537.1301, subsection 22, Code 2007, is  
1 2 amended by striking the subsection and inserting in lieu  
1 3 thereof the following:  
1 4 22. "Gift certificate" means a writing, instrument,  
1 5 record, or other tangible medium of expression generally  
1 6 purchased by a buyer for use by a person other than the buyer,  
1 7 or for use by the buyer at a later date, for the purchase of  
1 8 goods, property, services, or other consideration sold or  
1 9 provided by the seller or issuer and includes but is not  
1 10 limited to all of the following:  
1 11 a. An electronic card with a stored or banked dollar  
1 12 value.  
1 13 b. A merchandise credit.  
1 14 c. A certificate or card exchangeable for the full face  
1 15 value of a future purchase or delivery of goods, property,  
1 16 services, or any other consideration.  
1 17 d. Any other medium that evidences a grant of  
1 18 consideration in exchange for the right to redeem the  
1 19 certificate for goods, property, services, credit, or money of  
1 20 at least an equal value as that of the certificate.  
1 21 Sec. 2. NEW SECTION. 537.3312 GIFT CERTIFICATES == FEES  
1 22 == EXPIRATION DATES == VIOLATIONS.  
1 23 1. A gift certificate shall be redeemable for its full  
1 24 value. A seller, issuer, or holder of a gift certificate may  
1 25 not do any of the following:  
1 26 a. Assess, charge, or deduct a fee or other charge from or  
1 27 with respect to a gift certificate.  
1 28 b. Sell or issue a gift certificate that includes, bears,  
1 29 or is otherwise subject to an expiration date.  
1 30 c. Impose any other term or condition on a gift  
1 31 certificate that would limit the ability of the owner to  
1 32 redeem the gift certificate for its full value.  
1 33 2. A violation of this section is an unlawful practice  
1 34 under section 714.16, and is additionally subject to the  
1 35 penalty provisions of section 537.5201.  
2 1 Sec. 3. Section 556.1, Code Supplement 2007, is amended by  
2 2 adding the following new subsection:  
2 3 NEW SUBSECTION. 4A. "Gift certificate" means a writing,  
2 4 instrument, record, or other tangible medium of expression  
2 5 generally purchased by a buyer for use by a person other than  
2 6 the buyer, or for use by the buyer at a later date, for the  
2 7 purchase of goods, property, services, or other consideration  
2 8 sold or provided by the seller or issuer and includes but is  
2 9 not limited to all of the following:  
2 10 a. An electronic card with a stored or banked dollar  
2 11 value.  
2 12 b. A merchandise credit.  
2 13 c. A certificate or card exchangeable for the full face

2 14 value of a future purchase or delivery of goods, property,  
2 15 services, or any other consideration.  
2 16 d. Any other medium that evidences a grant of  
2 17 consideration in exchange for the right to redeem the  
2 18 certificate for goods, property, services, credit, or money of  
2 19 at least an equal value as that of the certificate.  
2 20 Sec. 4. Section 556.9, subsection 2, Code 2007, is amended  
2 21 by striking the subsection.

2 22 EXPLANATION

2 23 This bill relates to the issuance of gift certificates.  
2 24 The bill provides a definition of gift certificate, which  
2 25 includes a writing or instrument usable for the purchase of  
2 26 goods, property, or services sold or provided by the seller or  
2 27 issuer of the gift certificate. The bill provides that a gift  
2 28 certificate shall be redeemable for its full value and  
2 29 prohibits a seller, issuer, or holder of a gift certificate  
2 30 from assessing any fee or charge against the value of the  
2 31 certificate or selling or issuing a certificate with an  
2 32 expiration date. Further, the bill prohibits a seller,  
2 33 issuer, or holder from imposing any other term or condition  
2 34 that limits the ability of the owner to redeem the gift  
2 35 certificate for its full value. The bill prescribes that an  
3 1 issuer in violation of these provisions shall be subject to  
3 2 the consumer fraud provisions of Code section 714.16, and  
3 3 shall additionally be subject to a civil action under Code  
3 4 section 537.5201 in which actual damages may be recovered and  
3 5 a penalty assessed in an amount not less than \$100 nor more  
3 6 than \$1,000 per violation.

3 7 The bill repeals a provision in Code chapter 556, dealing  
3 8 with unclaimed property, which currently permits the deduction  
3 9 from the face value of a gift certificate of a charge imposed  
3 10 due to the failure of the owner of the certificate to present  
3 11 it in a timely manner, provided that a valid and enforceable  
3 12 written contract exists between the issuer and the owner of  
3 13 the gift certificate and the issuer regularly imposes such  
3 14 charges and does not regularly reverse or otherwise cancel  
3 15 them.

3 16 LSB 5597XS 82

3 17 rn/nh/5.1